

AR28

# HYDRA EXPLORATIONS LIMITED

## ANNUAL REPORT

FOR THE YEAR ENDED MAY 31

1972

# HYDRA EXPLORATIONS LIMITED

**DIRECTORS** W. C. Campbell  
A. W. Johnston  
Jules Loeb  
W. M. O'Shaughnessy  
L. E. Wetmore

**OFFICERS** W. C. Campbell, *President*  
Jules Loeb, *Vice-President*  
W. M. O'Shaughnessy, *Secretary-Treasurer*

**TRANSFER AGENT  
AND REGISTRAR** Guaranty Trust Company of Canada  
Toronto and Montreal

**AUDITORS** Campbell, Lawless & Punchard  
Toronto

**HEAD OFFICE** Suite 1600, 100 Adelaide Street W., Toronto 1, Ontario

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS:

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This 13th annual report of your company includes financial statements for the fiscal year ended May 31, 1972. It is also an opportunity to review exploration activities conducted on Hydra's properties and on properties in which the company holds interests.

### MINERAL PROPERTIES

In Ontario's Sturgeon Lake area, Hydra had optioned an 18-claim holding to Rio Tinto Canadian Exploration Limited. The property is located some eight miles north of the base metal discovery of Mattagami Lake Mines. The Rio Tinto organization carried out a program of geological and geophysical testing. Results from this work were negative and the claims have been returned to the company.

Also in northwestern Ontario, Hydra has a 22½% interest in claims in the Winisk Lake region where the Keevil Mining Group executed a program of exploration. Results were disappointing and the work was suspended with no plans for further testing.

In the Northwest Territories Hydra participated with three other companies in a geo-physical program covering several areas in the Great Slave Lake region. Ground follow-up work was undertaken last year. During the past summer diamond drilling was performed on some favorable, mineral-bearing features.

Values in precious metals, copper, lead and zinc were obtained in this program, however they were too low to be of economic grade in this region of the country. The syndicate has, at present, no plans for further exploration.

Two important interests in gold situations are held by the company. One is the joint interest in 68 claims in the Northwest Territories with Discovery Mines Limited; the other is Hydra's seven-claim gold property in northwestern Quebec.

A program to re-evaluate Hydra's gold property in Malartic Township, Quebec, was undertaken this summer. Seven diamond drill holes, representing a total of 3,947 feet, were completed. Results from this drilling failed to confirm values that had been encountered in previous exploration. There are, however, other sections of this property to be tested and management is optimistic that with a continuing strong price for gold the property will prove of merit with development potential.

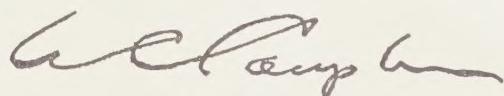
Earlier this year Hydra completed an agreement with Discovery Mines Limited to pool Hydra's 44 claims with 24 claims held by Discovery in the Indin Lake area of the N.W.T. Under the agreement, the two companies share equal interest in the total 68 claims and in any future exploration program. Previous exploration on these claims has disclosed large-tonnage, low-grade gold occurrences.

### PETROLEUM PROJECT

Hydra is participating with a number of partners in an oil and gas project in southwestern Ontario. To date, 38 shallow well tests have been drilled. The program will continue. The company has a 10% interest in this venture.

The company continues to investigate potential mineral projects and examine property proposals brought for consideration.

On behalf of the board,



W. CLARKE CAMPBELL,  
President.

Toronto, Ontario,  
October 30, 1972.

# HYDRA

EXPLORATIONS LIMITED

AMALGAMATED UNDER THE LAWS OF ONTARIO

## BALANCE SHEET—MAY 31, 1972

### ASSETS

	1971
Cash in bank and short term bank deposits .....	\$ 158,482
Interest and sundry receivables .....	562
Investments in shares of other mining and oil companies, at cost less proceeds of sale	
Listed (Consolidated Canadian Faraday Limited) (quoted market value 1972 — \$101,410; 1971 — \$141,756)	\$ 266,854
Listed (other) .....	—
Unlisted (quoted market value 1972 — \$550; 1971 — \$1,650) .....	<u>5,401</u>
	272,255
Mineral claims, rights and interests, at cost .....	366,440
Preproduction expenditures .....	<u>1,545,649</u>
	<u>\$2,343,388</u>
	368,590
	<u>1,438,353</u>
	<u>\$2,321,315</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Hydra Explorations Limited as at May 31, 1972 and the statements of deficit, preproduction expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Company as at May 31, 1972 and the results of its operations and its source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
October 13, 1972

CAMPBELL, LAWLESS & PUNCHARD  
Chartered Accountants

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<b>LIABILITIES</b>	1971
Accounts payable and accrued liabilities .....	\$ 11,500 \$ 13,423

**Capital Stock** (note 1)

Authorized			
5,000,000 shares without par value			
Issued			
4,050,040 shares .....	\$2,600,040		4,050,040
Less discount thereon .....	—		1,450,000
	<u>2,600,040</u>		<u>2,600,040</u>
<b>Deficit</b> .....	<u>268,152</u>		<u>292,148</u>
	<u>2,331,888</u>		<u>2,307,892</u>
	<u><u>\$2,343,388</u></u>		<u><u>\$2,321,315</u></u>

Notes 1. Articles of Amendment effective January 11, 1972 changed the 4,050,040 issued shares and the 949,960 unissued shares of the par value of \$1.00 each in the capital of the corporation to shares without par value.

2. Exploration and development expenses — mineral claims totalling \$62,345 include exploration expenses incurred in two joint exploration programs as follows:

Winisk Lake, Ontario	\$23,842
Victory Lake, Northwest Territories	26,812

Approved by the Board:

W. C. CAMPBELL, Director.

W. M. O'SHAUGHNESSY, Director.

## PREPRODUCTION EXPENSES

YEAR TO MAY 31, 1972

	1971
Balance beginning of year	
Predecessor companies .....	\$1,021,530
Amalgamated company .....	416,823
	<u>1,438,353</u>
Exploration and development expenses — mineral claims (note 2)	<u>1,508,788</u>
Engineering and geological services and expenses .. \$ 17,106	7,302
Government fees, licences and acreage taxes .....	3,594
Diamond drilling .....	10,696
Field and camp supplies, travel and accommodations	7,326
Aircraft charter .....	14,867
General .....	2,808
Surveying and linecutting .....	<u>5,948</u>
	<u>62,345</u>
	<u>61,743</u>
Exploration and development expenses — oil participations —	
Drilling .....	32,000
	—
Administrative expenses	
Head office and accounting services and expenses .....	6,000
Legal and audit .....	817
Miscellaneous .....	300
Stock exchange fees and expenses .....	500
Transfer agents' fees and expenses .....	7,761
Government fees and taxes .....	497
Shareholders' information and publicity .....	5,225
Directors Fees .....	<u>550</u>
	<u>21,650</u>
	<u>23,004</u>
Total preproduction expenses for year .....	<u>115,995</u>
	<u>84,747</u>
	<u>1,554,348</u>
	<u>1,593,535</u>
Deduct preproduction expenses written off to deficit —	
Amalgamated company .....	8,699
Predecessor companies .....	<u>—</u>
	<u>8,699</u>
	<u>146,226</u>
Balance end of year .....	<u>\$1,545,649</u>
	<u>\$1,438,353</u>

**DEFICIT**

YEAR TO MAY 31, 1972

	1971
Balance beginning of year .....	\$ 292,148 \$ 138,433
Add — Mineral claims abandoned (\$3,500) and preproduction expenses relating thereto (\$8,699) written off .....	\$ 12,199 169,182
— Advances to other mining companies written off .....	— 619
	<u>12,199</u> <u>169,801</u>
	<u>304,347</u> <u>308,234</u>
Deduct — Interest earned .....	8,725 16,086
— Gain on sale of investments .....	<u>27,470</u> —
	<u>36,195</u> <u>16,086</u>
Balance end of year .....	<u>\$ 268,152</u> <u>\$ 292,148</u>

**SOURCE AND APPLICATION OF FUNDS**

YEAR TO MAY 31, 1972

	1971
Cash in bank and short term bank deposits beginning of year	\$ 234,380 \$ 307,303
<b>Receipts</b>	
Interest and sundry receivables .....	\$ 9,459 15,527
Proceeds of sale of investments .....	<u>33,911</u> —
	<u>43,370</u> <u>15,527</u>
	<u>277,750</u> <u>322,830</u>
<b>Disbursements</b>	
Purchase of investments (net) .....	— 6,441
Purchase of mining claims .....	— 1,700
Cost of staking mining claims .....	1,350 4,010
Exploration and development expenses .....	96,498 52,759
Administrative expenses .....	21,420 22,921
Advances to other mining companies .....	<u>—</u> <u>619</u>
	<u>119,268</u> <u>88,450</u>
Cash in bank and short term bank deposits end of year .....	<u>\$ 158,482</u> <u>\$ 234,380</u>

**HYDRA**  
**EXPLORATIONS LIMITED**

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